



# Attorney General of New Mexico

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November 4, 1997

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**NOV 5 1997**

**FCC MAIL ROOM**

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

**Re: CC Docket 96-45, Federal-State Joint Board on Universal Service**

Dear Mr. Caton:

Enclosed is an original and fourteen copies of the Motion of the New Mexico State Corporation Commission for an Extension of Time to File Forward-Looking Economic Cost Study in the above docket.

Please date stamp one copy and return in the self-addressed stamped envelope. If you have any questions, please call me at (505) 822-6074.

Sincerely,

A handwritten signature in cursive script that reads "David M. Kaufman".

David M. Kaufman  
General Counsel  
New Mexico State Corporation Commission  
Assistant Attorney General

Enclosure

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Before the  
Federal Communications Commission  
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

IN THE MATTER OF )

Federal-State Joint Board )  
on Universal Service )

CC Docket No. 96-45

**MOTION FOR EXTENSION OF TIME  
TO FILE FORWARD-LOOKING ECONOMIC COST STUDY**

The New Mexico State Corporation Commission ("New Mexico SCC") respectfully submits this Motion for Extension of Time to File Forward-Looking Economic Cost Study for federal universal service support purposes. The New Mexico SCC respectfully seeks an extension from February 6, 1998, to June 6, 1998, to file the study for New Mexico, and also seeks expedited consideration of this Motion. In support of its Motion, the New Mexico SCC states as follows:

1. On May 7, 1997, the Federal Communications Commission ("FCC") adopted a Report and Order in CC Docket 96-45 (the "FCC Order") implementing the universal service provisions of the Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 60 (1996) (the "Act"). In part, the FCC Order addresses forward-looking economic cost studies for use in determining the appropriate level of universal service support for rural, insular and high cost areas served by non-rural eligible telecommunications carriers. Paragraph 248 of the FCC Order provided states with the opportunity to elect, by August 15, 1997, whether they would conduct their own cost studies or rely on studies chosen by the FCC.

2. The FCC Order mandates that state commissions electing to file studies, submit such studies with the FCC on or before February 6, 1998.

3. On July 30, 1997, the New Mexico SCC notified the FCC that the New Mexico SCC would conduct its own cost study for filing with the FCC. A copy of that notification is attached hereto as Exhibit A. This election by the SCC was done, in part, as a "place holder" because the New Mexico SCC had not yet had an opportunity to review the FCC's proposal or conduct its own cost study proceeding. The New Mexico SCC recognized that the input values for any universal service cost model may vary significantly from state to state, and thus it may be desirable to use state-specific inputs even if the FCC's proxy model is used to calculate federal universal service fund ("USF") support.

4. Prior to that, on August 27, 1996, the New Mexico SCC opened its "costing methodology" rulemaking docket, In the Matter of the Consideration of the Adoption of a Rule Concerning Costing Methodologies, New Mexico SCC Docket No. 96-310-TC, by issuing a Notice of Proposed Rulemaking and Request for Comments. The purpose of the docket is, consistent with the Act, to establish "permanent" prices in New Mexico for the resale of telecommunications services and the sale of unbundled network elements.

5. Concurrent with the activities in the costing methodologies docket, New Mexico SCC Docket No. 96-310-TC, the New Mexico SCC established other dockets relating to the FCC Order. The New Mexico SCC established Docket No. 97-246-TC to address discounts for schools and libraries. On July 1, 1997, the New Mexico SCC promulgated a rule in that docket, adopting the discounts established by the FCC, thereby making New Mexico schools and libraries eligible to apply for federal universal service funds.

6. In addition, on August 31, 1997, the New Mexico SCC authorized the establishment of the New Mexico Universal Service Fund Work Group ("Work Group"). In the Matter of the Implementation of New Rules Related to the Rural, High Cost, and Low Income Components of the New Mexico Universal Service Fund, Order Authorizing New Mexico Universal Service Fund Work Group, New Mexico SCC Docket No. 97-334-TC (Jul. 31, 1997). The Work Group was established to facilitate the preservation and advancement of universal service in New Mexico as a competitive telecommunications environment by attempting to resolve issues related to a comprehensive plan for rural, high cost and low income components of the New Mexico USF.

7. On September 30, 1997, the New Mexico SCC issued a Notice of Hearing and Procedural Order ("Procedural Order") consolidating New Mexico SCC Dockets 96-310-TC and 97-334-TC, and established a procedural schedule permitting the New Mexico SCC to meet the FCC's February 6, 1998 filing deadline. A copy of that New Mexico SCC Order is attached hereto as Exhibit B.

8. The New Mexico SCC dockets were consolidated in part to meet the requirements of Paragraph 251 of the FCC Order. That paragraph provides as follows:

In order for the Commission to accept a state cost study submitted to us for the purposes of calculating federal universal service support, that study must be the same cost study that is used by the state to determine intrastate universal service support levels pursuant to 254(e). A state need not perform a new cost study, but may submit a cost study that has already been performed for evaluation by the Commission. We also encourage a state, to the extent possible and consistent with the above criteria, to use its ongoing proceedings to develop permanent unbundled network element prices as a basis for its universal service cost study. This would reduce duplication and diminish arbitrage opportunities that might arise from inconsistencies between the methodologies for setting unbundled network element prices and for determining universal service support levels. In particular, we wish to avoid situations in which, because of different methodologies used for pricing unbundled network elements and determining

universal service support, a carrier could receive support for the provision of universal service that differs from the rate it pays to acquire access to the unbundled network elements needed to provide universal service. Consequently, to prevent differences between the pricing of unbundled network elements and the determination of universal service support, we urge states to coordinate the development of cost studies for the pricing of unbundled network elements and the determination of universal service support.

FCC Order at ¶251 (footnotes omitted) (emphasis added).

9. The Procedural Order sets a New Mexico SCC hearing commencing on December 1, 1997, and continuing through December 12, 1997. The Procedural Order notes that the FCC February 6, 1998 filing deadline requires that the time-frames for the New Mexico SCC consolidated docket be compressed, and states that if the FCC extends the deadline, the procedural schedule may be modified. See Procedural Order at ¶¶16-37.

10. In consideration of the complexity of the issues that must be resolved to establish a forward-looking economic cost study for determining federal universal service support for New Mexico in a manner consistent with Paragraph 251 of the FCC Order, it would be burdensome and inefficient for the New Mexico SCC to attempt to resolve those issues by the current February 6, 1998 filing deadline. Due to budgetary limitations and other reasons, the New Mexico SCC is unable to hold separate hearings at a later date to separately consider costing issues other than those required to be resolved to meet the February 6, 1998 filing deadline. As a result, the New Mexico SCC and the parties to the New Mexico SCC proceedings have been placed under difficult time constraints to meet the FCC February 6, 1998 filing deadline.

11. In addition, the FCC has not yet adopted a complete cost model, including the selection of input values. The New Mexico SCC would benefit from being able to review the FCC model, in sufficient time for the New Mexico SCC to consider that model, before the February 6, 1998 filing deadline.

12. The New Mexico SCC respectfully requests that it be given additional time to produce a thoroughly developed cost study, as well as adequate time to review the FCC proposal, prior to filing the New Mexico study with the FCC. Accordingly, the New Mexico SCC requests an extension to June 6, 1998, to complete its cost study docket and review any proposal that may be released by the FCC in the interim.<sup>1</sup>

13. An extension of the February 6, 1998 deadline until June 6, 1998, will allow the New Mexico SCC to provide the FCC with more accurate and complete comments on the appropriate study and input levels that should be used to compute federal USF support.<sup>2</sup>

14. Finally, to permit the New Mexico SCC to modify the procedural schedule established in the New Mexico SCC's Procedural Order prior to the hearing scheduled to commence on December 1, 1997, the New Mexico SCC respectfully requests expedited consideration of this Motion.

WHEREFORE, the New Mexico SCC respectfully requests that the FCC grant its Motion for Extension of Time to File Forward-looking Economic Cost Studies from February 6, 1998, to June 6, 1998, and requests expedited consideration of this Motion.

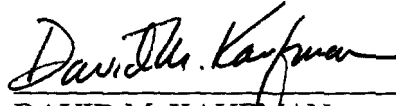
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<sup>1</sup>On October 6, 1997, the National Association of Regulatory Utility Commissioners ("NARUC") filed a request for an extension of time for the states to file their costs models from February 6, 1998, to September 1, 1998. The SCC endorses and supports NARUC's request.

<sup>2</sup>The parties to the proceeding before the SCC in SCC Docket Nos. 96-310-TC and 97-334-TC would not be prejudiced by the extension requested by the SCC.

Respectfully submitted,

TOM UDALL  
Attorney General for the State of New  
Mexico

A handwritten signature in cursive script, reading "David M. Kaufman", written in dark ink.

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DAVID M. KAUFMAN  
General Counsel,  
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(505) 827-6074

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

**IN THE MATTER OF**

**Federal-State Joint Board  
on Universal Service**

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)  
)  
)

**CC Docket No. 96-45**

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the Motion of the New Mexico State Corporation Commission for an Extension of Time to File Forward-Looking Economic Cost Study has been furnished to the parties on the attached service list this 5th day of November, 1997.



\_\_\_\_\_  
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**New Mexico**  
**State Corporation Commission**

**Eric P. Serna**  
Chairman



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**Jerome D. Block**  
Commissioner

**Gloria Tristani**  
Commissioner

July 30, 1997

William Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street N.W.  
Washington, D.C. 20554

Re: Universal Service Fund – New Mexico Forward-Looking Economic Cost Study NMSCC Docket No. 96-310-TC

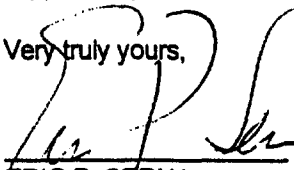
Dear Secretary Caton:

Pursuant to the Order of the Federal Communications Commission ("FCC") in its order In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Report and Order, FCC 97-157 (issued May 8, 1997), this letter is to notify the FCC that the New Mexico State Corporation Commission ("NMSCC") intends to conduct its own forward-looking economic cost study to be used as the basis for calculating federal universal service support in New Mexico.

The NMSCC is presently conducting formal proceedings in an NMSCC docket, In the Matter of the Consideration of the Adoption of a Rule Concerning Costing Methodologies, NMSCC Docket No. 96-310-TC, to adopt an appropriate cost model. Also as provided in the FCC Order, the NMSCC intends to file its study with the FCC on or before February 6, 1998.

Questions regarding the status of the New Mexico proceedings regarding universal service support may be directed to David M. Kaufman, General Counsel of the NMSCC at (505) 827-6074.

Very truly yours,

  
ERIC P. SERNA  
Chairman

  
JEROME D. BLOCK  
Commissioner

  
GLORIA TRISTANI  
Commissioner

**EXHIBIT**

A

BEFORE THE NEW MEXICO STATE CORPORATION COMMISSION  
COMMISSION  
FILED

IN THE MATTER OF THE CONSIDERATION  
OF THE ADOPTION OF A RULE CONCERNING  
COSTING METHODOLOGIES

97 SEP 30 AM 8 13

DOCKET NO. 96-310-TC

IN THE MATTER OF THE IMPLEMENTATION  
OF NEW RULES RELATED TO THE RURAL,  
HIGH COST, AND LOW INCOME  
COMPONENTS OF THE NEW MEXICO  
UNIVERSAL SERVICE FUND

DOCKET NO. 97-334-TC

NOTICE OF HEARING AND PROCEDURAL ORDER

THIS MATTER came before the New Mexico State Corporation Commission ("Commission") sua sponte to consider whether the above-captioned dockets should be consolidated, and to establish a procedural schedule for consideration of the matters in those dockets. The Commission, having considered this matter, having considered the comments filed by U S WEST Communications, Inc. ("U S WEST"), the New Mexico Attorney General ("AG"), GTE Southwest Incorporated, ("GTE"), AT&T Communications of the Mountain States, Inc. ("AT&T"), MCI Telecommunications Corporation ("MCI") and Brooks Fiber Communications of New Mexico, Inc. ("Brooks"), and being otherwise fully advised in the premises, **ORDERS:**

1. On May 7, 1997, the Federal Telecommunications Commission ("FCC") adopted a Report and Order in CC Docket 96-45 (the "FCC Order") implementing the universal service provisions of the Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 60 (1996) (the "Act"). In part, the FCC Order addresses forward-looking economic cost studies for use in determining the appropriate level of universal service support for rural,

EXHIBIT

insular and high cost areas served by non-rural eligible telecommunications carriers. Paragraph 248 of the FCC Order provided states with the opportunity to elect, by August 15, 1997, whether they would conduct their own cost studies or rely on studies chosen by the FCC.

2. On July 30, 1997, the Commission notified the FCC that the Commission would conduct its own cost study for filing with the FCC.

3. The FCC Order mandates that the Commission must file its study with the FCC on or before February 6, 1998.

4. After the study is filed, the FCC Order states that the FCC will determine whether the study meets the criteria established by the FCC. Paragraph 249 of the FCC Order states that if a state-conducted study fails to meet the FCC criteria, the FCC will determine the forward-looking economic cost of providing service in that state based upon the FCC's own cost methodology.

5. The FCC Order permits rural carriers to continue to receive support based upon embedded costs for at least three years. Once a forward looking economic cost methodology for non-rural carriers is in place, the FCC will evaluate mechanisms for rural carriers. The FCC established October, 1998, to commence a proceeding to establish forward-looking economic cost mechanisms for rural carriers.

6. Paragraph 250 of the FCC Order sets forth the following ten criteria by which the FCC will evaluate the cost methodology or study submitted by the Commission relating to non-rural carriers:

- (1) The technology assumed in the cost study or model must be the least-cost, most-efficient, and reasonable technology for providing the supported services that is currently being deployed. A model, however, must include the ILECs' wire centers as the center of the loop network and the outside plant should terminate at ILECs' current wire centers. The loop design incorporated into a forward-looking economic cost study or model should not impede the provision of advanced services. For example, loading coils should not be used because they impede the provision of advanced services. We note that the use of loading coils is inconsistent with the Rural Utilities Services guidelines for network deployment by its borrowers. Wire center line counts should equal actual ILEC wire center line counts, and the study's or model's average loop length should reflect the incumbent carrier's actual average loop length.
- (2) Any network function or element, such as loop, switching, transport, or signaling, necessary to produce supported services must have an associated cost.
- (3) Only long-run forward-looking economic cost may be included. The long-run period used must be a period long enough that all costs may be treated as variable and avoidable. The costs must not be the embedded cost of the facilities, functions, or elements. The study or model, however, must be based upon an examination of the current cost of purchasing facilities and equipment, such as switches and digital loop carriers (rather than list prices).
- (4) The rate of return must be either the authorized federal rate of return on interstate services, currently 11.25 percent, or the state's prescribed rate of return for intrastate services. We conclude that the current federal rate of return is a reasonable rate of return by which to determine forward looking costs. We realize that, with the passage of the 1996 Act, the level of local service competition may increase, and that this competition might increase the ILECs' cost of capital. There are other factors, however, that may mitigate or offset any potential



increase in the cost of capital associated with additional competition. For example, until facilities-based competition occurs, the impact of competition on the ILEC's risks associated with the supported services will be minimal because the ILEC's facilities will still be used by competitors using either resale or purchasing access to the ILEC's unbundled network elements. In addition, the cost of debt has decreased since we last set the authorized rate of return. The reduction in the cost of borrowing caused the Common Carrier Bureau to institute a preliminary inquiry as to whether the currently authorized federal rate of return is too high, given the current marketplace cost of equity and debt. We will re-evaluate the cost of capital as needed to ensure that it accurately reflects the market situation for carriers.

- (5) Economic lives and future net salvage percentages used in calculating depreciation expense must be within the FCC-authorized range. We agree with those commenters that argue that currently authorized lives should be used because the assets used to provide universal service in rural, insular, and high cost areas are unlikely to face serious competitive threat in the near term. To the extent that competition in the local exchange market changes the economic lives of the plant required to provide universal service, we will re-evaluate our authorized depreciation schedules. We intend shortly to issue a notice of proposed rule making to further examine the Commission's depreciation rules.
- (6) The cost study or model must estimate the cost of providing service for all businesses and households within a geographic region. This includes the provision of multi-line business services, special access, private lines, and multiple residential lines. Such inclusion of multi-line business services and multiple residential lines will permit the cost study or model to reflect the economies of scale associated with the provision of these services.
- (7) A reasonable allocation of joint and common costs must be assigned to the cost of supported services. This allocation will ensure that the forward-looking economic cost does not include an unreasonable share of the joint and common costs for non-supported services.
- (8) The cost study or model and all underlying data, formulae, computations, and software associated with the model must be

available to all interested parties for review and comment. All underlying data should be verifiable, engineering assumptions reasonable, and outputs plausible.

- (9) The cost study or model must include the capability to examine and modify the critical assumptions and engineering principles. These assumptions and principles include, but are not limited to, the cost of capital, depreciation rates, fill factors, input costs, overhead adjustments, retail costs, structure sharing percentages, fiber-copper cross-over points, and terrain factors.
- (10) The cost study or model must deaverage support calculations to the wire center serving area level at least, and, if feasible, to even smaller areas such as a Census Block Group, Census Block, or grid cell. We agree with the Joint Board's recommendation that support areas should be smaller than the carrier's service area in order to target efficiently universal service support. Although we agree with the majority of the commenters that smaller support areas better target support, we are concerned that it becomes progressively more difficult to determine accurately where customers are located as the support areas grow smaller. As SBC notes, carriers currently keep records of the number of lines served at each wire center, but do not know which lines are associated with a particular CBG, CB, or grid cell. Carriers, however, would be required to provide verification of customer location when they request support funds from the administrator.

FCC Order at ¶250 (footnotes omitted).

7. In addition, Paragraph 251 of the FCC Order states as follows:

In order for the Commission to accept a state cost study submitted to us for the purposes of calculating federal universal service support, that study must be the same cost study that is used by the state to determine intrastate universal service support levels pursuant to 254(e). A state need not perform a new cost study, but may submit a cost study that has already been performed for evaluation by the Commission. We also encourage a state, to the extent possible and consistent with the above criteria, to use its ongoing proceedings to develop permanent unbundled network element prices as a basis for its universal service cost study. This would reduce duplication and diminish arbitrage opportunities that might arise from inconsistencies between the methodologies for setting unbundled network element prices and

for determining universal service support levels. In particular, we wish to avoid situations in which, because of different methodologies used for pricing unbundled network elements and determining universal service support, a carrier could receive support for the provision of universal service that differs from the rate it pays to acquire access to the unbundled network elements needed to provide universal service. Consequently, to prevent differences between the pricing of unbundled network elements and the determination of universal service support, we urge states to coordinate the development of cost studies for the pricing of unbundled network elements and the determination of universal service support.

FCC Order at ¶251 (footnotes omitted) (emphasis added).

8. On August 27, 1996, the Commission opened its "costing methodology" rulemaking docket, Docket No. 96-310-TC, by issuing a Notice of Proposed Rulemaking and Request for Comments. The purpose of the docket is, consistent with the Act, to establish "permanent" prices in New Mexico for the resale of telecommunications services and the sale of unbundled network elements.

9. Several telecommunications carriers filed comments, including, Leaco, Brooks, AT&T, Citizens Utilities Company, Penasco Valley Telephone Cooperative, The New Mexico Small Telephone Company Group ("NMSTG"), the AG, GTE, U S WEST, and GST Telecom New Mexico, Inc.

10. On August 8, 1997, the Commission issued its Amended Notice of Solicitation of Comments which, partially in response to the FCC Order:

- (1) limited the docket to consideration of the costs and prices of U S WEST and GTE;
- (2) requested further information from the parties;
- (3) outlined a two-phased approach, i.e., Phase I addressing costs and Phase II addressing prices;
- (4) listed topics to be addressed in each phase; and

(5) sought comments on the proposed topics.

11. Several parties, including, American Communications Services of Albuquerque, Inc., GTE, MCI, MCI, Brooks, U S WEST, NMSTG, the AG, Sprint Communications Company, L.P., and AT&T filed motions and comments in response to the Commission's proposals.

12. Concurrent with the activities in the costing methodologies docket, Docket No. 96-310-TC, the Commission established other dockets relating to the FCC Order. The Commission established Docket No. 97-246-TC to address discounts for schools and libraries, and Docket No. 97-334-TC to establish the New Mexico Universal Service Fund Work Group and to implement new state rules for universal service.

13. On July 1, 1997, the Commission promulgated a rule in Docket No. 97-246-TC, adopting the discounts established by the FCC, thereby making New Mexico schools and libraries eligible to apply for federal universal service funds.

14. On August 31, 1997, the Commission authorized the establishment of the New Mexico Universal Service Fund Work Group ("Work Group") in Docket No. 97-334-TC. The Work Group was established to facilitate the preservation and advancement of universal service in New Mexico as a competitive telecommunications environment by attempting to resolve issues related to a comprehensive plan for rural, high cost and low income components of the New Mexico Universal Service Fund.

15. The Commission also asked the parties to comment on the potential for consolidating the Commission's above-captioned costing methodology and universal service funding dockets.

16. AT&T and the AG recommended that the dockets be consolidated. MCI, Brooks, U S WEST and GTE recommend that the dockets be separate.

17. In its recommendation, AT&T stated that the dockets should be consolidated for purposes of examining the relevant cost models and establishing costs of unbundled network network elements involved in the development of a universal service fund. AT&T states that consolidation of the dockets would preserve time, money and other resources otherwise spent on two separate dockets. In addition, since "permanent" costs for unbundled network elements have not been established by the Commission, consolidation of the dockets would minimize the potential for arbitrage noted in the FCC order, and would enable the Commission to be consistent in its methodologies for setting unbundled network element prices and for determining universal service support levels.

18. AT&T points out that the Commission need not resolve all universal service issues, but only those related to addressing the ten criteria established in the FCC Order, and that the rules for implementation can be considered later.

19. AT&T also states that, as to the permanent cost docket, Docket No. 96-310-TC, only the cost methodology for unbundled network elements and those unbundled network element cost issues that are involved in sizing universal service support need be examined

and resolved by the February 6, 1998 date. There is no need to resolve other permanent costing and pricing issues for unbundled network elements and wholesale services, such as non-recurring charges, by that date.

20. In addition, cost issues relating to rural carriers need not be considered at this time since the rural carriers do not have to submit a forward looking economic cost study for three years.

21. The AG agrees with AT&T that the dockets should be consolidated, because, to avoid the potential for arbitrage, the cost methodologies for universal service should be the same as the cost methodologies for unbundled network elements. The AG also agrees with AT&T that it is not necessary to include in the first phase of the docket other universal service issues, such as definition of Eligible Telecommunications Carrier ("ETC"), service areas of ETCs, administration of the universal service fund, definition of affordability, Lifeline and Link-up programs, and access charge reform, as only costing issues must be resolved by the February 6, 1998 deadline in the FCC Order.

22. The AG recognized that the deadline in the FCC Order has created the need for a tight time schedule. Under the schedule proposed by the AG, the Commission would have approximately four weeks after receiving briefs and proposed Findings of Fact and Conclusions of Law to prepare its Order and submit the appropriate materials to the FCC. The Commission agrees with the AG that a tight schedule is required; however, a four week time-frame for the Commission to issue its Order is inadequate.

23. The AG also pointed out that at least one state has filed a request for a three month extension of the February 6, 1998 deadline with the FCC and that the National Association of Regulatory and Utility Commissioners plans to file a similar request with the FCC. The AG recommended that the deadlines established in this Order be modified in the event an extension is granted. However, to date, no extension has been granted by the FCC.

24. U S WEST, MCI and Brooks believe that the dockets should not be consolidated.

25. U S WEST states that universal service raises substantively different concerns in kind for the costing and pricing issues in the costing docket, that the parties may not be the same in each docket. U S WEST claims that it would be unnecessary, burdensome and expensive to involve all parties in a single proceeding which could be handled in two dockets.

26. However, to address that concern, AT&T points out that the Commission can limit discovery now to that relating to universal service and issues shared by universal service and unbundled network element costing. AT&T points out that such discovery would need to be done in both dockets, and that efficiency demands that it be done once only.

27. In addition, parties can participate in those phases of the docket in which they have an interest. Despite its assertions, U S WEST is a party in both dockets and it would appear likely that U S WEST would seek to participate fully in both proceedings.

28. By adopting AT&T's recommendation that only those matters necessary to meet the February 6, 1998 deadline in the FCC Order be addressed in the first phase of these

proceedings, U S WEST's concern that consolidation of the dockets would compress consideration of other issues is resolved adequately.

29. In addition, the notice requirements in the New Mexico Constitution and the Commission's Rules of Procedure are fully complied with in consolidating these dockets and in establishing the procedural schedule adopted herein. N.M. Const. art XI, § 8; Commission Rules of Procedure, Rule 28. The other due process concerns raised by U S WEST are also without merit.

30. U S WEST also asserts that the pricing models for universal service and unbundled network element pricing should be different. However, the AG points out that to avoid the potential for arbitrage, the cost methodologies for universal service and unbundled network element pricing should be the same. The FCC shares this concern. FCC Order at ¶251.

31. Whether the cost methodologies should be the same or different can be addressed by the parties in the proceedings before the Commission. Consolidating the dockets would not on its own require that the same methodology be adopted for both purposes.

32. U S WEST also cites procedural schedules from other states with longer time frames for commission decisions. However, the time frames in those cases would not allow the Commission to meet the FCC's February 6, 1998 deadline. U S WEST proposes that reply briefs and proposed findings of fact concerning universal service issues be submitted to the Commission on January 30, 1998, only one week before the FCC deadline. U S



WEST's proposal does not allow adequate time for Commission deliberation and issuance of the decision and preparation and filing of the FCC submission. U S WEST also quotes a statement by the AG concerning the timing for a hearing; however, that statement is inconsistent with the AG's current position and recommendation for consolidation of the proceedings in these dockets.

33. MCI and Brooks state "that there is nothing in the FCC's Universal Service Order which would require that the Commission reach an unmodifiable decision on USF costing by February 6, 1998." See also GTE Comments. Brooks cautions that the state should not "precipitously . . . determine permanent costing for unbundled network elements due to an FCC deadline for submission of universal service costing studies."

34. MCI and Brooks cite nothing in support of the proposition that the FCC would accept an interim universal service costing methodology from the Commission that does not meet the ten criteria established in the FCC Order. FCC Order at ¶250. Because of the consequences of the Commission's methodology being rejected by the FCC, it would not be prudent for the Commission to make an interim submission to the FCC that is not fully supported. Therefore, a final Commission Order fully addressing the FCC's ten criteria should be submitted to the FCC by the February 6, 1998 deadline, unless an extension for such submission is granted by the FCC.

35. MCI's and Brooks' other concern about "precipitously" resolving costing issues that need not be resolved for purposes of the February 6, 1998 deadline are adequately